

Message Text

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12

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E.O. 11652: N/A

TAGS: OVIP, HU

SUBJECT: AMBASSADOR'S MEETING WITH DEPUTY PRIME MINISTER TIMAR

REF: BUDAPEST 3220

DEPARTMENT PASS TREASURY

1. IN MY TALK WITH TIMAR ON SEPTEMBER 19 WE TOUCHED UPON QUESTION OF SUBJECTS FOR DISCUSSION AT THE THREE MONDAY MORNING SESSIONS. TIMAR SAID THAT MEETING WITH LAZAR WOULD BE COURTESY CALL AND WOULD NOT BE SUFFICIENTLY LONG FOR SUBSTANTIVE DISCUSSIONS. HE PLANNED TO OPEN HIS OWN MEETING WITH SECRETARY DENT BY GIVING GENERAL INTRODUCTION TO PRESENT STATE OF HUNGARIAN ECONOMY, PLANS FOR FUTURE ECONOMIC DEVELOPMENT AND HOW HOPES FOR BROADENED ECONOMIC RELATIONSHIP WITH U.S. MIGHT FIT INTO THESE PLANS. TIMAR SAID THAT HE WOULD THEN LIKE TO DISCUSS MFN AND EXCHANGE VIEWS ON PROSPECTS FOR GATT NEGOTIATIONS. AT THIS POINT I MENTIONED THAT SINCE FOREIGN TRADE MINISTER BIRO HAD JUST RETURNED FROM THE GATT MEETING IN TOKYO IT MIGHT ALSO BE PROFITABLE TO DISCUSS GATT WITH HIM. TIMAR AGREED BUT MADE IT CLEAR HE ALSO WANTED TO DISCUSS GATT.

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2. TIMAR MENTIONED THAT HE IS SUBSTITUTE HOST AND, UNLIKE VALYI, IS NOT COMPLETELY UP TO DATE ON FOREIGN TRADE QUESTIONS. HE EXPLAINED THAT HIS SPECIALITY IS INDUSTRIAL DEVELOPMENT AND THAT IN THIS CAPACITY HE OVERSEES ACTIVITIES OF SIX MINISTRIES INCLUDING HEAVY INDUSTRY, MACHINE AND METALLURGY, LIGHT INDUSTRY AND CONSTRUCTION.

3. WE SUGGEST THAT SECRETARY DENT RESPOND TO TIMAR'S REMARKS ON HUNGARIAN ECONOMY WITH GENERAL STATEMENT ON PROSPECTS FOR U.S. ECONOMY AND OUR VIEWS ON FUTURE TRADE AND MONETARY DEVELOPMENTS AND ALSO SPEND A BIT OF TIME EXPLAINING THE PROSPECTS FOR HUNGARY BEING GRANTED MFN. SUGGEST THAT IT MIGHT THEN BE VALUABLE TO SOUND OUT TIMAR'S VIEWS ON FUTURE COURSE OF NEW ECONOMIC MECHANISM AND POSSIBILITY OF SIMILAR REFORMS IN OTHER WARSAW PACT COUNTRIES. QUESTIONS OF BONDHOLDER CLAIMS SHOULD BE RAISED IN TIMAR MEETING AS MFT HAS SPECIFICALLY TOLD US THAT BOND QUESTIONS OUTSIDE ITS JURISDICTION. AS I HAD ALREADY TOLD HUNGARIANS SECRETARY DENT WOULD BE RAISING CULTURAL AGREEMENT BEFORE COUNTERMANDING TELEGRAM ARRIVED, I FEEL IT WOULD BE HELPFUL IF SECRETARY WOULD TELL TIMAR WE HOPE THEY WILL PROCEED WITH DISCUSSIONS ON CULTURAL AGREEMENT THIS FALL, AND SAY THAT PROGRESS IN THIS AREA IS IMPORTANT AS WELL AS IN TRADE.

4. IN BIRO MEETING BELIEVE SUBJECTS SUGGESTED BY SECRETARY DENT IN USDOC 14116 SHOULD BE COVERED WITH EXCEPTIONS BONDS AND CULTURAL AGREEMENT. SUGGEST THAT BUSINESS FACILITATION SHOULD BE BROUGHT UP HERE. WE ALSO THINK IT WOULD BE USEFUL TO EXPLORE HUNGARIAN VIEWS ON HOW FAR THEY ARE PREPARED TO GO UNDER JOINT VENTURE LAW, PARTICULARLY IN EQUITY AREA.

5. TIMAR TOLD ME THAT MEETING WITH BIRO NEED NOT BE LIMITED TO ONE HOUR BUT SHOULD CONTINUE AS LONG AS BOTH SIDES FELT IT USEFUL ADDING THAT HIS MEETING WITH SECRETARY DENT SHOULD BEGIN WHEN DISCUSSIONS FINISHED AT MFT.

6. IN REPLY TO MY EXPRESSION OF OUR DEEP REGRET AT THE DEATH OF VALYI, TIMAR SAID THAT VALYI HAD BEEN ONE OF HIS CLOSEST COLLEAGUES AND THAT THE TWO HAD WORKED TOGETHER LIMITED OFFICIAL USE

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FOR "MANY, MANY YEARS." HE SEEMED TO BE QUITE SHAKEN BY VALYI'S DEATH.
PEDERSEN

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